

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1672 - SB 1762

February 11, 2020

SUMMARY OF BILL: Transfers the administration of the workers' compensation exemption registry for construction service providers from the Secretary of State's Office (SOS) to the Bureau of Workers' Compensation (BWC).

ESTIMATED FISCAL IMPACT:

On February 8, 2020, a fiscal note was issue estimating a fiscal impact as follows:

NOT SIGNIFICANT

Based on additional information obtained from the Bureau of Workers' Compensation, the fiscal impact has been corrected as follows:

(CORRECTED)

Increase State Expenditures – \$634,200/FY20-21/EMEEF

Corrected Assumptions:

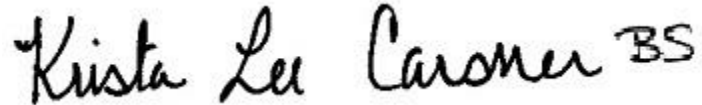
- This legislation takes effect July 1, 2021, or in FY21-22.
- Currently, the SOS handles all aspects of the exemption registry, including accepting workers' compensation exemption and renewals, and the BWC enforces such exemptions.
- In FY19-20, the SOS incurred recurring costs of \$141 for translator services and \$2,105 for printing and postage. In addition, it is assumed that the cost for annual maintenance of the registry averaged \$5,000. The SOS incurred no direct labor costs.
- These costs will shift to the BWC and continue to be paid out of the Employee Misclassification Education and Enforcement Fund (EMEEF).
- A filing fee of \$100 for contractors who do not hold a license from the Board for Licensing Contractors and \$50 for contractors who do hold a license.
- Such revenue is currently and will continue to be allocated to the EMEEF.
- Annual revenue to the EMEEF of approximately \$1,600,000.
- It is assumed that this revenue stream will remain consistent into perpetuity.
- The BWC is planning to build its own registry as a result of this legislation.
- Based upon quotes from Strategic Technology Solutions, there will be a one-time increase in expenditures of \$634,233 from the EMEEF for computer system upgrades to

accommodate the exemption registry. It is assumed that this registry will be built in FY20-21, in anticipation of this legislation's effective date.

- The net impact to the EMEEF in the FY21-22 and subsequent years is assumed to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner BS". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb